

III. The Proposed Complaint and Consent Order

The Commission has entered into an agreement containing a Proposed Consent Order with Proposed Respondents in settlement of a proposed complaint alleging that the acquisition as originally proposed violates Section 5 of the Federal Trade Commission Act, 15 U.S.C. 45, and that consummation of the acquisition as originally proposed would violate Section 7 of the Clayton Act, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act. The complaint alleges that the acquisition will lessen competition in the delivery of catering services to airlines at McCarran International Airport in Las Vegas, Nevada.

To remedy the alleged anticompetitive effects of proposed acquisition, the Proposed Consent Order prohibits Proposed Respondents, for ten (10) years after the consent order becomes final, from acquiring any concern that controls Ogden's Las Vegas catering operations without prior approval from the Commission. It also requires that, for ten (10) years, Proposed Respondents provide prior notice to the Commission before acquiring their only in-flight catering competitor at any airport in the United States.

Proposed Respondents are required to file annual compliance reports with the Commission for the next ten (10) years, with the first report due one year after the proposed order becomes final.

IV. Resolution of Antitrust Concerns

The Proposed Consent Order alleviates the alleged antitrust concerns arising from the acquisition in the delivery of catering services to airlines at McCarran International Airport in Las Vegas, Nevada.

In-flight caterers provide meals and beverages for consumption during aircraft flights. Catering services include the purchasing of food in accordance with airline specifications, preparation of meals, stocking of beverage carts, delivery of meals and carts to the aircraft, loading the galley, unloading of in-coming carts, utensils and trash, and cleaning and storage of carts and utensils.

Both Sky Chefs and Ogden provide in-flight catering services at McCarran International Airport in Las Vegas through their flight kitchens located at or near that airport. McCarran International Airport is a relevant antitrust geographic market because caterers at that airport could profitably raise prices by a small but significant and nontransitory amount without

losing enough sales to flight kitchens in other areas to make such an increase unprofitable. Airlines cannot economically turn to other areas to obtain their Las Vegas catering services because of additional costs and quality problems associated with flying food in from more distant sources.

Sky Chefs and Ogden are the only companies that sell catering services to airlines at McCarran International Airport. The acquisition as originally proposed would eliminate Sky Chefs and Ogden as independent competitors in the provision of in-flight catering services at McCarran International Airport. The acquisition also would increase the ability of the combined Sky Chefs/Ogden business unilaterally to raise prices and reduce the quality of catering services at McCarran International Airport. New entry would not be timely, likely or sufficient to defeat an anticompetitive price increase or quality reduction. An entrant would need to capture a large share of the catering business at McCarran International Airport in order to reach a viable scale of operation. Such new entry would entail substantial sunk costs.

To remedy the potential anticompetitive effects of the transaction as originally proposed, Proposed Respondents and Ogden amended their stock purchase agreement to exclude Ogden's in-flight catering assets serving the Las Vegas airport. Subsequently, Ogden sold its Las Vegas in-flight catering assets to Dobbs International Services. The Proposed Consent Order prohibits Proposed Respondents, for ten (10) years, from acquiring an interest in those assets.

V. Opportunity for Public Comments

The Proposed Consent Order has been placed on the public record for sixty (60) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the Proposed Consent Order and the comments received and will decide whether it should withdraw from the Proposed Consent Order or make the order final.

The purpose of this analysis is to invite public comment on the Proposed Consent Order to aid the Commission in its determination of whether to make final the Proposed Consent Order. This analysis does not constitute an official interpretation of the Proposed Consent Order, nor is it intended to modify the

terms of the Proposed Consent Order in any way.

Benjamin I. Berman,

Acting Secretary.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Agency for Health Care Policy and Research

Notice of Meeting

In accordance with section 10 (d) of the Federal Advisory Committee Act (5 U.S.C., Appendix 2) announcement is made of the following special emphasis panel scheduled to meet during the month of July 1998:

Name: Health Care Policy and Research Special Emphasis Panel.

Date and Time: July 10, 1998 8:30 a.m.

Place: Doubletree Hotel, 1750 Rockville Pike, Montrose Room, Rockville, Maryland 20852.

Open July 10, 8:30 a.m. to 9:00 a.m. Closed for remainder of meeting.

Purpose: This Panel is charged with conducting the initial review of grant applications requesting support for small research projects focused on the quality, appropriateness, and effectiveness of health care services and access to those services.

Agenda: The open session of the meeting on July 10, from 8:30 a.m. to 9:00 a.m. will be devoted to a business meeting covering administrative matters. During the closed session, the Panel will be reviewing and discussing grant applications. In accordance with the Federal Advisory Committee Act, section 10(d) of 5 U.S.C., Appendix 2 and 5 U.S.C., 552b (c)(6), the Administrator, Agency for Health Care Policy and Research, has made a formal determination that this latter session will be closed because the discussions are likely to reveal personal information concerning individuals associated with the grant applications. This information is exempt from mandatory disclosure.

Anyone wishing to obtain a roster of members, minutes of the meeting, or other relevant information should contact Jenny Griffith, Committee Management Officer, Agency for Health Care Policy and Research, Suite 400, 2101 East Jefferson Street, Rockville, Maryland 20852, Telephone (301) 594-1455 x 1036.

Agenda items for this meeting are subject to change as priorities dictate.

Dated: June 23, 1998.

John M. Eisenberg,

Administrator.

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